

COMMITTEE ON GOVERNMENT REFORM

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MEDIA ADVISORY

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Government Reform Committee to Examine GSA's Proposed "Networx" Program

**What: Government Reform Committee oversight hearing:
"Will Networx Work? A Review of Whether a Centralized Government Telecom
Plan Jibes with an Ever-Evolving Market."**

When: FEBRUARY 26, 2004, Immediately Following 10:00 a.m. Business Meeting

Where: ROOM 2154, RAYBURN HOUSE OFFICE BUILDING

Background:

The purpose of this hearing is to gather information from industry and other stakeholders to determine whether the General Services Administration's (GSA) proposed acquisition strategy for its government-wide voice and data telecommunications program, Networx, will be effective in today's ever-evolving telecommunications environment. **The government's dramatic reorganization since 9/11 and the striking security challenges raised by the war against terror further cloud the government telecommunications environment.**

GSA's Federal Technology Service (FTS), in coordination with the Interagency Management Council (IMC), is responsible for ensuring that federal agencies have access to affordable telecommunications and networking services and solutions that meet agency mission requirements. FTS has traditionally met this responsibility through large, government-wide contracts such as the current FTS2001 contracts for long-distance and international telecommunications services and the federal wireless telecommunications contract.

In addition to these initial FTS2001 contract awards, GSA's broad overall program strategy included awarding competitive local telecommunications services

contracts in several large metropolitan areas, called Metropolitan Area Acquisition (MAA) contracts, and permitting these contractors to offer both local and FTS2001 long distance services.

GSA proposes Networkx as the fourth generation of this government-wide telecommunications program. Networkx is intended to provide all of the services currently available on GSA's multibillion-dollar long-distance FTS2001 contracts and many of the services now provided on its local MAA contracts. GSA has been responsible for crafting the first three versions of this program: the Federal Telecommunications System (FTS), FTS 2000 and FTS2001. FTS 2000 and FTS2001 laid the groundwork for what is the current government telecommunications marketplace. In contrast to FTS 2000 and FTS2001, Networkx will be a two-part program. The major portion, Networkx Universal, will provide the full range of domestic and international network services. The smaller part, Networkx Select, is designed to allow providers who offer specialized services with less extensive geographic and coverage than required by Networkx Universal to compete. Both Networkx Universal and Networkx Select provide for contracts having multiple awards for a number of firms.

During our earlier oversight of both the FTS2001 and MAA contract implementation efforts, we learned that there were significant delays encountered in realizing the substantial cost savings and technology benefits that those contracts provided to GSA's customer agencies. Although the causes for those delays were many and varied, several challenges centered on the lack of accurate, up-to-date information about the services that agencies were using, and new services they planned to implement and use following transition. This lack of information delayed transition planning and service ordering, impeded prioritization and processing of several transition-critical contract modifications, and hindered proper management of implementation efforts. If the government is to fully leverage the benefits of a competitive market to obtain cost-effective and innovative telecommunications solutions, the contracts and the transitions under any new program must be properly planned and managed.

The Committee wishes to explore the acquisition strategy as proposed by GSA to determine whether it is likely to provide robust competition from the entire spectrum of the marketplace, including the largest industry players and smaller non-traditional technology firms, that offer innovative solutions to meet the government's increasingly complex telecommunications requirements. Some have suggested that a different, less centralized approach based on the use of multiple schedules contracts would be more appropriate. Further, the Committee will delve into such significant, but more focused, issues related to the proposed acquisition, such as transition strategies and related cost concerns, appropriate contract performance period, billing requirements, and the use of minimum revenue guarantees. The key to success here is for GSA to take advantage of the wealth of information that has been made available to it in response to the RFI and through this hearing. This knowledge, not the designs of the past, should guide the structuring of a flexible telecommunications program based on current and future markets and evolving government needs. The prior FTS programs have established a strong technological base

and good prices, but they may no longer provide an effective model for the government's future telecommunications needs.

In addition, FTS, which is slated to run Networkx, traditionally has offered federal agencies a range of information technology and telecommunications services through several different types of contract vehicles including the Federal Supply Schedules. FTS, as it is currently configured, provides customer agencies with “full service” solutions for their information technology and telecommunications needs. FTS offers consulting and extensive contract management solutions to assist federal agencies in complex procurements that can require in-depth technical knowledge. For instance, FTS has managed all of the prior government-wide telecommunications contracts for participating federal agencies. **The Committee is curious to find out opinions on whether FTS is best suited to perform this role in the program.**

The Committee will hear testimony from the following witnesses:

Panel One:

Mr. Stephen Perry, Administrator,
United States General Services Administration

Linda Koontz, Director, Information Management Issues
U.S. General Accounting Office

Mr. Drew Ladner, Chief Information Officer
U.S. Department of the Treasury

Mel Bryson, Director of Information Technology
Administrative Office of the U.S. Courts

Panel Two:

Mr. Anthony D'Agata, Vice President and General Manager, Government Systems
Division, Sprint

Mr. Doug Dangremond, Vice President for Federal Solutions
SBC Communications

Mr. Kevin O'Hara, President and Chief Operating Officer
Level 3 Communications LLC

Mr. Jerry Hogge, Senior Vice President
Winstar Government Systems, LLC

Mr. David Page, Vice President, Federal Systems
BellSouth Business Systems

Mr. Louis M. Addeo, President

AT&T Government Solutions

Ms. Shelly Murphy, President, Federal Markets
Verizon

Mr. Jerry A. Edgerton, Senior Vice President, Government Markets
MCI.

***Note:** The order of the witnesses on the second panel was selected at random.*

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